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MEDIA RELEASE

FOR IMMEDIATE RELEASE
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PEIA FINANCE BOARD APPROVES MOTIONS AFTER PUBLIC INPUT

CHARLESTON, W.Va. – The West Virginia Public Employees Insurance Agency (PEIA) Finance Board today announced that it has approved two motions introduced at its May 14, 2009 meeting affecting the health care provider for Medicare-eligible retirees and the elimination of the retiree subsidy for new public employees hired, who are covered by PEIA.

The PEIA Finance Board had amended both motions at its June 4, 2009 meeting to solicit public input. Six public hearings were conducted throughout the state, with PEIA Finance Board representation at all hearings.

The motions approved at today's meeting included:

1. Due to federal reductions of Medicare Advantage reimbursement rates, the state's current Medicare fee-for-service provider for approximately 35,000 West Virginia PEIA retirees, Coventry Health Care, Inc., has elected to exit the fee-for-service Medicare market, effective January 1, 2010. Medicare-eligible retirees will remain in the Coventry's Advantra Freedom Medicare Advantage Prescription Drug (MAPD) plan from July 1, 2009 to December 31, 2009, with no increases to premiums or changes in health or pharmacy benefits during this six-month period. PEIA has issued a request for proposal for a new MAPD for the remaining six months of coverage for the fiscal year (January 1, 2010 through June 30, 2010). In the event that PEIA may not locate an acceptable MAPD plan as a result of the request for proposal effort, the Medicare-eligible retirees will return to the PEIA PPB Plan and the \$22 per member per month (approximately \$28 million) additional cost will be absorbed by the Retiree Health Benefit Trust fund.

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2. The current average state subsidy for retirees' health care under PEIA is approximately 72%. Employees hired on or after July 1, 2010, will no longer have their health care subsidized by the state once they retire. This action will gradually reduce, and ultimately eliminate, the state's Other Post-Employment Benefit (OPEB) liability for the next generation of public employees covered by PEIA. Currently, the state's OPEB liability is approximately \$7 billion. The original motion, which passed at the May 14, 2009 meeting, had set the date for eliminating the retiree subsidy for employees hired on or after January 1, 2010; however, after listening to the public comments, the board amended the motion to change the date to those individuals hired on or after July 1, 2010, to provide more time to inform potential employees of this change and to coincide with the fiscal year.

Prior to today's meeting, the PEIA Finance Board conducted six public hearings during June and July to solicit public comment. The hearings were located in Beckley, Charleston, Huntington, Martinsburg, Morgantown and Wheeling.